

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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FISCAL IMPACT STATEMENT

LS 6382

BILL NUMBER: HB 1065

NOTE PREPARED: Feb 14, 2006

BILL AMENDED:

SUBJECT: Pesticide Application.

FIRST AUTHOR: Rep. Gutwein

FIRST SPONSOR: Sen. Heinold

BILL STATUS: CR Adopted - 2nd House

FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: This bill amends the pesticide law and the pesticide use and application law as follows:

- (1) Provides that \$10 of the annual fee for registering pesticides be used by the office of Purdue pesticide programs for education about pesticides.
- (2) Increases the annual fee for registering pesticides from \$75 to \$170.
- (3) Increases the late fee for annual registration of pesticides from \$75 to \$170.
- (4) Increases the fee for a pesticide business license from \$30 to \$45.
- (5) Increases the annual fee for an applicator license from \$30 to \$45.
- (6) Increases the annual fee for registration as a pesticide consultant from \$30 to \$45.
- (7) Increases the fee for certification as a private applicator from \$10 to \$20.
- (8) Increases the annual fee for registration as a pesticide dealer from \$30 to \$45.
- (9) Provides that certain fees currently distributed to Purdue University agriculture programs be used for expenses of the State Chemist in carrying out the pesticides law and the pesticide use and application law.
- (10) Provides that money collected for civil penalties be used by the office of Purdue pesticide programs instead of agricultural extension.

The bill also makes other changes updating the pesticide law.

Effective Date: July 1, 2006.

Explanation of State Expenditures: The bill provides that the State Chemist may enter public or private

property at reasonable times to inspect and obtain copies of pesticide sale, distribution, purchase, use, storage, and disposal records. This provision should have no fiscal impact.

Explanation of State Revenues:

Projected Revenue and Expenses of the Office of the State Chemist: Pesticide Program (in thousands).							
Year	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Income*	\$1,465	\$2,642	\$2,642	\$2,642	\$2,642	\$2,642	\$2,642
EPA Income	690	690	690	690	690	690	690
Expenses	2,479	2,579	2,682	2,789	2,901	3,017	3,137
Capital	80	80	80	80	80	90	90
Ag Admin Exp	187	197	207	218	229	242	254
Ending Balance	\$1,256	\$1,732	\$2,095	\$2,341	\$2,463	\$2,447	\$2,298
<p>* Figures have been rounded. Income for FY 2006 is based on actual income generated for FY 2005. Other income estimates include the ending balance from the prior year (\$1,847,000 was added to FY 2006) and are based on pesticide product registration fee increases from \$75 to \$160 (with an additional \$10 going to Purdue pesticide programs), increases in other registrations, license fee increases from \$30 to \$45, and an increase in private applicator permit fees from \$10 to \$20. Projections assume 4% inflation using 13,250 as the average per year pesticide product registrations; 10,700 combined per year average of other registrations and licenses; and 2,000 as the per year average private applicator permits. The \$10 portion of the fee for the Purdue pesticide programs will generate approximately \$135,000 each year.</p>							

The increase in fees, not including the \$10 transfer to Purdue pesticide programs, should generate approximately \$1.3 M in additional revenue annually. The bill provides for the transfer of \$10 from each fee paid to the office of the Purdue University pesticide program to provide education about the safe and effective use of pesticides. This provision would conform with current practice.

In the past, the program has attempted to run on a ten-year cycle whereby surpluses at the beginning of the cycle were used to offset negative balances at the end of the cycle. Although the program attempted to generate revenue for a ten-year period, the past cycle generated enough revenue for 15 years. Fee increases were last authorized in 1990 and implemented in 1991.

Given the estimated growth in revenue and expenses, expenses will exceed income in FY 2011.

Additionally, the Office tries to keep enough revenue that would enable them to continue to pay staff for one year after the end of the program due to employee termination policies. The Office currently employs about 28 full-time employees. Salaries and fringe benefits for these employees equal a little over \$1 M.

Revenues are paid to the treasurer of Purdue University who must deposit the revenues in a special restricted account. From this account the treasurer must pay all expenses incurred in the pesticide program. The treasurer is not required to use any other funds, except those collected as registration fees, to pay for expenses incurred in the administration of the pesticide program.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: State Chemist's Office.

Local Agencies Affected:

Information Sources: John Baugh, Director, Agricultural Services and Regulations, 765.494.8392; Dave Scott, Pesticide Program, State Chemist's Office, 765-494-1593.

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